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Michael H. Hammer

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OCT 28 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 28, 1994

William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C.

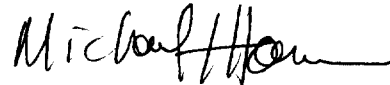
RE: Ex Parte Presentation in
MM Docket No. 92-265

Dear Mr. Caton:

In accordance with Section 1.1206 of the Commission's rules, this letter provides notice that Larry Carlson, President, HBO Satellite Services, John Redpath, Senior Vice President and General Counsel, Home Box Office, Vinnie Bauer, Senior Vice President, Home Box Office, and the undersigned met with Mary McManus, Legal Advisor to Commissioner Ness, to discuss the pending Petition for Reconsideration in MM Docket No. 92-265.

During the meeting, HBO discussed the business rationale for its limited exclusive distribution arrangement with United States Satellite Broadcasting Corp. ("USSB"). HBO also explained that its agreement with USSB was consistent with the 1992 Cable Act and the Commission's implementing regulations. Also, the attached document was distributed at this meeting and is submitted herewith for inclusion in the public record.

Sincerely,



Michael H. Hammer
Counsel for Home Box Office

cc: Mary McManus

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1155 21st Street, NW

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Larry P. Carlson
President
HBO Satellite Services

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 12, 1994

Dear NRTC Affiliate:

HBO's mission since its inception has been to provide its programming services to every television household in America. The commencement of DBS delivery this past year represents an exciting and historical opportunity for HBO to expand the reach of its services in pursuit of that goal. It also presents an opportunity for you to participate in the distribution of the HBO and Cinemax services and, in doing so, to increase the attractiveness of your DSS business to your existing and potential customers.

Much has been reported about HBO's distribution plans in DBS and particularly about our affiliation with Hubbard Broadcasting's USSB. Since much of what has been said on this topic has been erroneous, we want to set the record straight. We also want to let you know that under USSB's open retail policy you have the opportunity to participate in the distribution of USSB's package of services (including HBO and Cinemax)--an opportunity that we encourage you to explore--and to assure you that under no circumstances will your DSS customers be denied the ability to obtain the HBO services.

First, some background on our affiliation with USSB. USSB and DirecTV approached HBO simultaneously about affiliation agreements. DirecTV proposed carrying a single channel of HBO and granting the NRTC exclusive retail distribution rights within its territories. USSB, on the other hand, was eager to carry all eight multiplex feeds of our services and agreed to aggressively market and distribute them through multiple distributors. USSB, however, with more limited transponder capacity on the Hughes' satellite, felt compelled to differentiate its product offering from that of DirecTV. In recognition of that need, and in exchange for USSB's agreement to aggressively market our services, HBO agreed to grant USSB limited exclusivity for our services in the 101° west longitude position. After evaluating the USSB and DirecTV proposals, we felt the USSB proposal would prove far more beneficial to HBO and would create a more competitive retail environment for our services.

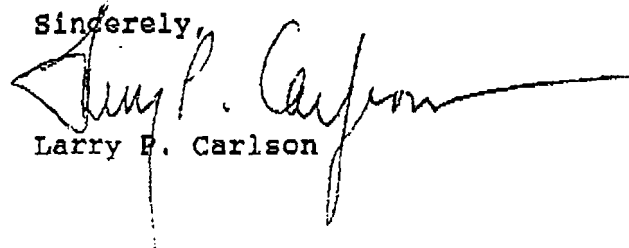
Home Box Office
A Time Warner Entertainment Company
1100 Avenue of the Americas, New York, NY 10036-6737 (212) 512-1157

Second, there is neither anything in our agreement with USSB nor any technological impediment that prevents you from offering, and your customers from receiving, the HBO and Cinemax services.

- USSB has publicly stated that it wishes to have multiple retailers of its packages in every region in the country and has already extended an invitation to NRTC members to become affiliated distributors. We understand that some NRTC members have already agreed to offer the USSB package. To the extent the NRTC's agreement with DirectTV permits you to do so, we encourage you to take advantage of this opportunity to expand the number of services offered to your customers. If you are interested in better serving your customers and profiting from the USSB package of services (which includes HBO and Cinemax), please contact USSB at 800-898-USSB or call Stanley Hubbard directly at 612-642-4250.
- Moreover, since DirectTV/NRTC households as well as USSB households are employing the same equipment, the consumer (regardless of where they bought their DSS system) will have full access to all our multiple services. All eight channels of the HBO and Cinemax services are readily available to your DSS customers who may call 1-800-204-USSB and order HBO and/or Cinemax either in a package or a la carte.

The beauty of the DSS system is that it provides consumers with an enormous amount of choice and, with the launch of the second satellite at the 101° orbital location, DSS customers will have even more to choose from. It is HBO's goal to make its services available to as many of these customers as possible, and we believe that, by offering your customers the widest array of choices possible, everyone stands to benefit.

Sincerely,



Larry P. Carlson

cc: Stanley E. Hubbard
B. R. Phillips, III